

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

|   |   |  |                     |
|---|---|--|---------------------|
| (1) DEPARTMENT<br>Public Works  | (2) MEETING DATE<br>6/21/2016                     | (3) CONTACT/PHONE<br>Straith Smith Zanartu, Finance Division Manager<br>(805) 781-5299   |                     |
| (4) SUBJECT<br>Request to authorize a budget adjustment in the amount of \$326,121, to increase the appropriation to recognize and spend United States Department of Agriculture (USDA) funds on preliminary engineering and design for the County Service Area 10A (CSA 10A) Cayucos Water Storage Tanks Project, Cayucos. District 2.   |   |  |                     |
| (5) RECOMMENDED ACTION<br>It is recommended that the Board authorize a budget adjustment in the amount of \$326,121, to increase the appropriation to recognize and spend United States Department of Agriculture (USDA) Funds on preliminary engineering and design for the County Service Area 10A (CSA 10A) Cayucos Water Storage Tanks Project (No. 300279), by a 4/5 vote. |   |  |                     |
| (6) FUNDING SOURCE(S)<br>USDA Loan  | (7) CURRENT YEAR FINANCIAL IMPACT<br>\$326,121.00 | (8) ANNUAL FINANCIAL IMPACT<br>\$0.00  | (9) BUDGETED?<br>No |
| (10) AGENDA PLACEMENT<br><input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____ ) <input type="checkbox"/> Board Business (Time Est. ____ )   |   |  |                     |
| (11) EXECUTED DOCUMENTS<br><input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A  |   |  |                     |
| (12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)<br>N/A  |   | (13) BUDGET ADJUSTMENT REQUIRED?<br>BAR ID Number: 1516168<br><input checked="" type="checkbox"/> 4/5 Vote Required <input type="checkbox"/> N/A |                     |
| (14) LOCATION MAP<br>Attached   | (15) BUSINESS IMPACT STATEMENT?<br>No             | (16) AGENDA ITEM HISTORY<br><input type="checkbox"/> N/A    Date: 3/4/14, #8   |                     |
| (17) ADMINISTRATIVE OFFICE REVIEW<br>David E. Grim  |   |  |                     |
| (18) SUPERVISOR DISTRICT(S)<br>District 2   |   |  |                     |

Reference:      16JUN21-C-9

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works

Straith Smith Zanartu, Finance Division Manager

John Diodati, Deputy Director of Public Works

DATE: 6/21/2016

SUBJECT: Request to authorize a budget adjustment in the amount of \$326,121, to increase the appropriation to recognize and spend United States Department of Agriculture (USDA) Funds on preliminary engineering and design for the County Service Area 10A (CSA 10A) Cayucos Water Storage Tanks Project, Cayucos. District 2.

## **RECOMMENDATION**

It is recommended that the Board authorize a budget adjustment in the amount of \$326,121, to increase the appropriation to recognize and spend United States Department of Agriculture (USDA) Funds on preliminary engineering and design for the County Service Area 10A (CSA 10A) Cayucos Water Storage Tanks Project (No. 300279), by a 4/5 vote.

## **DISCUSSION**

The Public Works Department has been developing an infrastructure improvement program for the CSA 10A water system for the past several years. The first phase included upgrades to the water distribution system.

| <b>USDA Loan for<br/>Waterline Improvement<br/>and Tank Rehab</b> | <b>Waterline<br/>Improvement<br/>Costs</b> | <b>Remaining Loan<br/>Funds</b> |
|---|--|---------------------------------|
| \$ 1,621,000  | \$ 1,294,879                               | \$ 326,121                      |

Initial plans were to rehabilitate the existing tank, but costs to do so would be greater than purchasing a new tank. Therefore, this next phase includes 1) a new water storage tank and pipeline connection to the existing water system and 2) a second water storage tank that will replace the existing corroded tank. USDA will allow the \$326,121 in remaining loan funds to be used on the new storage tanks project.

## **OTHER AGENCY INVOLVEMENT/IMPACT**

The Cayucos Citizens Advisory Committee has been involved in the development and prioritizing of the Capital Improvement Program, which includes this new water storage tanks project.

This project will be made possible with funding from a USDA Rural Development low-interest loan.

## **FINANCIAL CONSIDERATIONS**

This is a multi-year project budgeted in CSA 10A – Cayucos Water Fund - WBS 300279. Prior to this phase of the infrastructure improvement program, waterline improvements were completed using funding from a low-interest USDA loan. Water rates in CSA 10A were increased in 2012 in order to repay the USDA loan. A portion of that loan was to provide funding for a water tank rehabilitation. The rehabilitation would cost more than a new tank; therefore, USDA has agreed to allow us to use the available funding of \$326,121 toward this new water storage tanks project.

It is now necessary for the Board to authorize a budget adjustment, by a 4/5 vote, in the amount of \$326,121, to increase the appropriation to recognize and spend USDA funds.

The total project is estimated to be over \$2 million dollars. Funding for the construction phase of this project will be from a second low-interest USDA loan. Staff will return to the Board at a later time with additional actions as the project progresses.

Please see Exhibit “A” for an estimated cost breakdown of the project.

## **RESULTS**

Approval of the recommended action will result in the continuation of funding for the CSA 10A new water storage tanks project, which, upon implementation, will contribute to the County’s community goals of providing for a safe, healthy, livable and well governed community.

## **ATTACHMENTS**

1. Vicinity Map
2. Exhibit A- Project Cost Estimates

File: WBS 300279 Cayucos New Tanks

Reference: 16JUN21-C-9

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